



No. 3

January 15, 2003

H.J.Res. 2 – Omnibus Appropriations Bill, FY 2003: Agriculture, Rural Development, FDA, and Related Agencies Appropriations

Calendar No. 1

H.J.Res. 2 was passed by the House on January 8, 2003, and is now pending on the Senate Calendar. This bill is slated to serve as the vehicle for all 11 of the yet-unsigned FY 2003 appropriations bills.

NOTEWORTHY

Note: The funding bills are before the Senate with no written reports. All information contained in this Notice comes from the Appropriations Committee as conveyed to us on or before 1/13/03.

- The Agriculture funding bill language is expected to be incorporated, along with the other 10 yet-to-be-signed FY03 funding bills, into H.J.Res. 2 as a substitute amendment when the Senate turns to that bill. The bill will be amendable, and amendments are anticipated, including two on drought relief (see p. 8 of this Notice for details).
- On July 25, 2002, the Senate Appropriations Committee reported S. 2801, the FY03 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill by a unanimous vote, but the bill never came before the full Senate prior to sine die adjournment. The House also did not act on an agriculture appropriations bill. Since the start of the new fiscal year last October, Agriculture programs have been funded under a series of continuing resolutions, the most recent set to expire on January 31, 2003.
- The 11 remaining FY03 appropriations bills (only Defense and Military Construction were signed) come before the Senate with smaller funding levels than were in the bills as reported by the Appropriations Committee last year. This is to comport the total FY03 federal discretionary spending level to \$750.5 billion, the level agreed to by President Bush and Congressional appropriators last year. (The Defense and Military Construction bills amount to \$365.3 billion of that total.)
- The recommendation provides \$74.2 billion in total obligational budget authority for agriculture, rural development, and nutrition programs for FY03. This is \$670.4 million more than the

President's budget request and \$1.1 billion more than FY 2002. It amounts to \$123 million less than the FY03 bill as reported last year.

HIGHLIGHTS

Appropriations Breakdown by Title (dollars in millions)

Appropriation Account	FY 2002 Level	FY 2003 Amendment
Title I — Agricultural Programs	\$29,252.7	\$25,521.5
Title II — Conservation Programs	1,056.1	1,036.9
Title III — Rural Development Programs	2,569.9	2,739.5
Title IV — Domestic Food Programs	37,945.6	41,926.6
Title V — Foreign Assistance Programs	1,124.5	1,463.6
Title VI — Related Agencies and FDA	1,456.7	1,488.5
Title VII — General Provisions	-327.1	24.5
TOTAL, new budget (obligational) authority	\$73,078.4	\$74,201.1

Note that of total spending in this bill, \$17.4 billion is discretionary spending and the remainder is mandatory spending for such programs as food stamps (\$26.3 billion), child nutrition (\$10.6 billion), payments to the Federal Crop Insurance Corporation fund (\$2.9 billion), and the Commodity Credit Corporation (\$16.3 billion).

Highlights from Title I, Agricultural Programs

- The overall decline in Title I funds appropriated in 2001 for FY2002 as compared to the current amount reflects lower commodity support spending due to a rebound in the market price of many covered commodities. The Committee provides \$16.3 billion in mandatory payments required to reimburse the Commodity Credit Corporation (CCC) for net realized losses, roughly the same figure provided for in the July 2002 committee recommendation and \$3.9 billion less than FY2002.

- The bill provides \$4.07 billion in authorized loan levels for agricultural credit programs for farmers, \$175 million more than the fiscal year 2002 level.
- The bill continues to fund rental payments to the General Services Administration (GSA) in the United States Department of Agriculture's (USDA's) buildings and facilities account. The President's budget proposes to fund rental costs in the budgets of each USDA agency.
- The bill provides \$986.9 million in appropriations for Farm Service Agency salaries and expenses, an increase of \$47.9 million over the fiscal year 2002 level. This amount is supplemented by \$281 million in transfers from other USDA program accounts for a total amount of \$1.278 billion.
- Funding for the Food Safety and Inspection Service is \$759.8 million, an increase of \$44 million from last year.
- Agricultural research, education, and extension activities total \$2.3 billion. This includes a decrease of \$18.0 million for Agricultural Research Service (ARS) buildings and facilities, an increase of \$74.1 million for research activities for ARS, and a \$128.2 million increase in total funding for the Cooperative State Research, Education, and Extension Service (CSREES). The ARS is provided \$1.15 billion, and activities of the CSREES are funded at a level of \$1.16 billion.

Highlights of Title II, Conservation Programs

The bill provides a total funding level of \$1.04 billion for the various conservation programs of the Department of Agriculture. This is an increase of \$74.6 million from the regular appropriations for FY02. Funding of \$840 million is provided for the conservation operations account of the Natural Resources Conservation Service. This is \$61 million above the FY02 level.

Highlights of Title III, Rural Development

- Rural housing loan authorizations are \$3.9 billion. This is \$553.6 million less than the fiscal year 2002 level.
- Funding for rural rental assistance is \$730 million, an increase of \$28 million from the fiscal year 2002 level.
- Funding for the Rural Community Advancement Program, which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is increased to \$867.2 million. This is \$60.6 million above the FY02 level.

Highlights of Title IV, Domestic Food Programs

This title contains more than one-half (56 percent or \$41.9 billion) of the total FY03 spending in this bill and is devoted to domestic food assistance: food stamps, child nutrition, WIC (supplemental nutrition program for women, infants, and children), commodity and other food assistance programs.

- The bill provides \$10.6 billion for child nutrition programs.
- Funding for the Food Stamp program totals \$26.29 billion. This amount includes a \$2 billion reserve, \$140 million for the emergency food assistance program, and \$1.38 billion for nutrition assistance for Puerto Rico.
- The Special Supplemental Feeding Program for Women, Infants, and Children (WIC) is funded at \$4.75 billion. This is an increase of \$403 million from the fiscal year 2002 level and the same as the President's budget request.
- The Commodity Assistance Program is funded at \$167 million.
- As proposed in the President's budget, the Department of Health and Human Services will fund the elderly feeding program beginning in FY03. Funding is no longer provided to the Department of Agriculture for this program.

Highlights of Title V, Foreign Assistance Programs

- Funding for salaries and expenses for the Foreign Agricultural Service is \$135.4 million, \$9.4 million more than the fiscal year 2002 level.
- Public Law 480 programs are funded at the following program levels: Title I – \$154.7 million; and Title II – \$1.185 billion, \$335 million more than the fiscal year 2002 level.

Highlights of Title VI, FDA and Related Agencies

- Total direct appropriations for the Food and Drug Administration (FDA) is \$1.4 billion, which is \$25.4 million more than the fiscal year 2002 level.
- Total funding for the Commodity Futures Trading Commission is \$93.98 million, \$6 million more than the fiscal year 2002 level.

Highlights of Title VII, General Provisions

- Sections 701-731 of the general provisions are essentially the same as those included in the fiscal year 2002 and previous years' appropriations act.

- Change in funding from FY2002 is the result of a change in budget scoring for the Export Enhancement Program.

BILL PROVISIONS

Title I – Agricultural Programs

Total Funding: Title I provides a total of \$25.5 billion in mandatory and discretionary funding for various agricultural programs. Of this total, \$16.3 billion is for the Commodity Credit Corporation and \$2.9 billion is for the Federal Crop Insurance Corporation fund. The remainder funds the agricultural research, executive operations, agricultural marketing services, cooperative state research, extension service, animal and plant health inspection, food safety and inspection, and farm assistance programs.

Commodity Credit Corporation (CCC): Funds CCC at such sums as may be necessary, estimated in the budget to be \$16.3 billion for net realized losses incurred from the commodity price and farm income support activities. This is \$4 billion less than the estimated fiscal year 2002 level.

Federal Crop Insurance Corporation Fund: Recommends an appropriation of such sums as necessary, estimated to be \$2.9 billion. This is \$13.8 million less than the estimated fiscal year 2002 level.

Food Safety and Inspection Service (FSIS): The bill provides \$759.8 million in direct appropriations, which is \$44 million more than the fiscal year 2002 level.

Farm Service Agency (FSA): The bill provides \$1.27 billion for Farm Service Agency Salaries and Expenses, an increase of \$55 million over the fiscal year 2002 level.

Farm Credit Programs: The bill provides an estimated \$4.1 billion for farm loans, \$175 million more than the fiscal year 2002 level. Included in this amount is \$1.15 billion for farm ownership direct and guaranteed loans and \$2.82 billion for farm operating direct and guaranteed loans.

Research and Extension: Agricultural research and extension programs are increased \$74.1 million from the fiscal year 2002 levels. Appropriations recommended for the Agricultural Research Service total \$1.15 billion. For the Cooperative State Research, Education, and Extension Service, \$1.16 billion is recommended, including \$651 million for research and education activities, \$453 million for extension activities, and \$48 million for integrated activities.

Animal and Plant Health Inspection Service (APHIS): The Animal and Plant Health Inspection Service is funded at \$748.8 million.

Agriculture Marketing and Inspection: The Agricultural Marketing Service is funded at \$91.7 million and the Grain Inspection, Packers and Stockyards Administration is funded at \$44.5 million.

Title II — Conservation Programs

Conservation Programs: The bill increases funding to \$1.04 billion for the Natural Resources Conservation Service, which is a \$74 million increase from the fiscal year 2002 level. Within the Natural Resources Conservation Service \$840 million is included for conservation operations, \$10.96 million for watershed surveys and planning, \$105 million for watershed and flood prevention operations, \$30 million for watershed rehabilitation, and \$50 million for resource conservation and development.

Title III — Rural Economic and Community Development Programs

Rural Housing and Community Development: The total funded rural housing loan authorization level is \$3.93 billion, including \$3.76 billion for single-family housing direct and guaranteed loans, \$120 million for rental housing loans, and \$35 million for housing repair loans. No funding is recommended for multi-family housing guaranteed loans.

Rural Rental Assistance: Funding for rural rental assistance is \$730 million, \$28 million more than the fiscal year 2002 level.

Rural Community Advancement Program (RCAP): Funding for the Rural Community Advancement Program (RCAP), which includes funds for water and waste disposal loans and grants, solid waste management grants, community facility loans and grants, and rural business enterprise grants, is increased \$60.6 million from the fiscal year 2002 level to \$867.2 million.

Rural Electric and Telecommunications: The bill funds a total rural electric and telecommunications loan level of \$5.6 billion, \$1 billion more than the fiscal year 2002 level.

Distance Learning and Telemedicine Program: A funding level of \$52 million is provided for the Distance Learning and Telemedicine program for grants and loan subsidy costs, which supports a \$129.5 million loan level.

Title IV — Domestic Food Programs

Food Stamp Program (FSP): Funding for the Food Stamp program totals \$26.29 billion. This amount includes a \$2 billion reserve, \$140 million for the emergency food assistance program, and \$1.38 billion for nutrition assistance for Puerto Rico.

Women, Infants and Children (WIC) Feeding Program: Recommends an appropriation of \$4.75 billion for WIC, which is \$403 million more than the fiscal year 2002 level and the same as the budget request. This amount includes a \$125 million contingency reserve and \$25 million for the farmer's market nutrition program.

Child Nutrition Programs (CNP): To improve the health and well-being of the nation's children, the child nutrition programs include school breakfast and lunch programs, child and adult care food

programs, summer food services, and nutrition education and training programs. In addition, the special milk program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. For these programs, the Committee provides an appropriation of \$5.8 billion, plus a transfer from section 32 of \$4.7 billion, for a total program level of \$10.6 billion, which is \$492.9 million more than the fiscal year 2002 level.

Commodity Assistance Program (CAP): The Commodity Assistance Program is funded at \$167 million.

Food Donations Programs: As proposed in the President's budget, the Department of Health and Human Services will fund the elderly feeding program beginning in fiscal year 2003. Funding is no longer provided to the Department of Agriculture for this program.

Title V — Foreign Assistance and Related Programs

Foreign Agricultural Service: The Committee provides \$135.5 million, which is a \$9.4 million increase from the fiscal year 2002 level.

Public Law 480 (Food for Peace): The bill appropriates \$1.3 billion for Public Law 480 accounts, which serve as the primary means for the U.S. provision of food assistance overseas. A total program level of \$1.185 billion is for grants under Title II for food aid for humanitarian relief through private voluntary organizations or through multilateral organizations like the World Food Program, an amount which is a \$335 million increase from the fiscal year 2002 level. It further funds a Title I direct loan level of \$154.7 million (the same as the fiscal year 2002 level) and appropriates \$25.2 million for ocean freight differential costs.

Title VI — FDA and Related Agencies

Food and Drug Administration (FDA): Funding for salaries and expenses of the Food and Drug Administration totals \$1.63 billion. This is \$135 million more than the fiscal year 2002 level, and includes an increase of \$48.7 million in new budget authority from the fiscal year 2002 level (including supplemental emergency appropriations), a \$61 million increase in prescription drug user fee collections, and \$25.1 million in new medical device user fee collections. The FDA buildings and facilities account is funded at \$11 million.

Commodity Futures Trading Commission: Appropriates \$93.9 million, which is \$23.3 million more than the fiscal year 2002 level. Increased funding is provided for pay comparability with other Federal financial institutions.

Farm Credit Administration: Recommends a limitation on administrative expenses of \$38.4 million, which is \$1.7 million above the fiscal year 2002 administrative expense limitation.

Title VII — General Provisions

Total appropriations of \$2.50 million are appropriated for Bill Emerson and Mickey Leland Hunger Fellowships through the Congressional Hunger Center.

The bill continues a provision to allow proprietary centers to participate in the Child and Adult Care Feeding Program if at least 25 percent of the children served are eligible to receive a free or reduced-price meal, at a cost of \$22 million.

Limitations are established on mandatory funding for sections 2505, 6030, 6405, and 9010 of P.L. 107-171, as well as the export enhancement program.

ADMINISTRATION POSITION

No Statement of Administration Position is currently available.

POSSIBLE AMENDMENTS

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| Daschle or Baucus. | Approximately \$5.9 billion in emergency relief to farmers who have incurred qualifying crop or livestock losses in 2001 and/or 2002 due to a weather-related condition. The formula for assistance is expected to be the same as administered in the 2000 crop year for losses in excess of 35 percent of yield. No budget offsets provided. |
| Grassley or Hagel. | Approximately \$2.5 billion in emergency relief to farmers who have incurred qualifying crop or livestock losses in 2001 and/or 2002 due to a weather-related condition. The funds will be completely offset by stricter farm payment limits. |

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